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STATE OF ALASKA  
THE REGULATORY COMMISSION OF ALASKA

In the Matter of the Consideration of Adoption )  
of Regulations to Implement Amendments )  
to the Public Utilities Regulatory Policies )  
Act of 1978 by the Energy Policy Act of )  
2005 )

DOCKET NO. <sup>R</sup>U-06-05

THE UNITED STATES DEPARTMENT OF DEFENSE AND  
OTHER FEDERAL EXECUTIVE AGENCIES' COMMENTS

COME NOW the Federal Executive Agencies (FEA), with facilities situated in the State of Alaska within the jurisdiction of the Regulatory Commission of Alaska (RCA), to provide comment under the provisions of Order No. 1, dated 29 August 2006 in the above-entitled matter.

1. The FEA consist of certain agencies of the United States Government who have offices, facilities, and/or installations under the jurisdiction of the RCA, and which offices, facilities, and/or installations purchase utility services from providers under the jurisdiction of the RCA. The Department of Defense has been delegated authority by the General Services Administration to represent the consumer interest of the FEA in this proceeding under 40 U.S.C.A. §§ 121(d)(1) and 501(c)(2).

2. Chief among these Federal customers, in terms of customer load, are Elmendorf Air Force Base in Anchorage, Alaska and Eielson Air Force Base in Fairbanks, Alaska, which use a substantial amount of utility services annually.

Indeed, utilities costs represent one of the largest variable expenses of operating the facilities referenced above, and all will be significantly affected by any action this Commission takes in this Docket.

3. The FEA provides these comments solely in their proprietary capacity as customers receiving utility services from providers under the RCA's jurisdiction, and not in the sovereign capacity of the government of the United States. The counsel filing this petition is the duly authorized representative of the FEA in this matter.

4. Pursuant to the provisions of the Energy Policy Act of 2005 (EPAct), the Regulatory Commission of Alaska (RCA) solicited comments on implementation of federal standards relating to fuel sources, fossil fuel generation efficiency, net metering, smart metering, and consumer interconnections via Order dated 29 August 2006. This set of comments is submitted to RCA by the FEA, with facilities in in the State of Alaska (and under the RCA's jurisdiction), pursuant to the 29 August 2006 Order. A copy of the 29 August 2006 Order is attached to these comments.

5. The RCA notes, in the 29 August 2006 Order, that it is required to consider the new Public Utility Regulatory Policies Act of 1978 (PURPA) standards, as promulgated under the EPAct. For those utilities covered by PURPA, PURPA requires consideration of new standards promulgated under the

PURPA statutory and regulatory scheme. *See* 16 U.S.C. § 2621 (2006). The EAct includes the following substantial changes and additions to PURPA:

- Net Metering (Section 1251(a)(11)),
- Fuel Sources Standard (Section 1251(a)(12)),
- Fossil Fuel Generation Efficiency Standard (Section 1251(a)(13)),
- Smart Metering (with Time-Based Schedules) (Section 1252(a)(14)),
- Interconnection (Section 1254(a)(15)).

These changed and/or new standards are the subject of the 29 August 2006 Order and Notice for Comment referenced above.

6. The EAct section concerning net metering (Section 1251(a)(11)), where adopted, *requires* the utility to “make available upon request net metering service to any electric consumer that the electric utility serves.” This service is an offset to billing for power generated by an eligible on-site generation facility. In the interests of further guaranteeing the effectiveness of FEA programs that develop environmentally sound energy generation, the FEA respectfully submit that the standard *requiring* provision of the net metering services, *where applicable*, would be both workable for utilities under RCA’s jurisdiction and would provide a guarantee for the FEA in RCA’s jurisdiction that would further encourage sound environmental practices. In addition, such co-generation facilities can serve to

decrease the system load in a manner that avoids the need for short-term capital investment in infrastructure to accommodate increased demand in the future.

Such FEA programs include a co-generation facility at Eielson AFB, which is a 25 MW steam generation plant that is a “qualified facility” under PURPA. The FEA currently sponsor, under Federal statute, other, similar programs that encourage energy saving and environmentally friendly energy production practices that would benefit tremendously from the availability of net metering.

7. The EPAct section concerning fuel sources (Section 1251(a)(12)) requires utilities to develop a plan to minimize dependence on one fuel source and ensure generation via a diverse range of fuels and technologies, including renewable technologies. In light of the North American Electric Reliability Council’s recent report that the United States’ demand for energy will easily outstrip its existing infrastructure within the next ten years, disregard for this proposed standard appears to be a somewhat short-sighted view. Instead, the FEA respectfully submit that the standard should be considered and adopted as a means to focus planning on the development of a diverse energy portfolio to stave off the predicted, potential shortfall.

8. The EPAct section concerning fossil fuel generation efficiency standards (Section 1251(a)(13)) requires utilities relying on fossil fuels for generation to implement a ten-year plan to increase the efficiency of the fossil fuel generation assets. The FEA concur with the policy behind this proposed standard, and, as

above respectfully submit that the standard should be considered and adopted as a means to focus planning on the development of more environmentally-friendly energy generation facilities.

9. The EPAct section concerning smart metering with time-based schedules (Section 1252(a)(14)) requires utilities to offer each of its customer classes (and each customer upon request) a time-based rate schedule to enable demand-side management of energy consumption. The FEA do not have any comment on this part of the proposed standards.

10. The EPAct section concerning interconnection (Section 1254(a)(15)) requires utilities to provide an interconnection service under which the customer's on-site (qualified) generating facilities are connected (according to International Electrical and Electronics Engineers (IEEE) standards) to the local distribution facilities. As noted above, the FEA are interested in preserving a *requirement* (via the proposed standard) that the RCA and regulated utilities aid the FEA (as a retail customer) in emplacing energy conservation measures, such as interconnection service to on-site generation facilities. As noted in paragraph (6), above, the FEA currently sponsor, under Federal statute, other, programs that encourage energy saving and environmentally friendly energy production practices that would benefit tremendously from the availability of interconnection, as is the case with net metering.

11. The FEA respectfully request that the RCA consider these comments and take note of the fact that the FEA have substantial and ongoing renewable energy and energy conservation programs that would be positively impacted by the adoption of the above standards. The guarantees provided under those standards are essential to the ability of the FEA to plan for these measures and to provide for the ongoing viability of these programs.

**WHEREFORE**, the Federal Executive Agencies request that the Commission duly consider the comments provided in the determination of the above-entitled matter.

Respectfully submitted this, the 21<sup>st</sup> day of November, 2006.



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